

***Health Care Summit Rapid Response #1:
-- Premiums --***

Assertion #1 (11:29 a.m.):

The president has asserted this morning that the Democrats' Government Take-Over of Health Care will reduce premiums for American families. This claim is false. Here's why...

CBO Estimate of Impact on Individual Market Premiums in 2016 under Various Health Care Proposals (Compared to Current Law):

- Senate Democrats' Bill (H.R. 3590): 10-13% Increase on Premiums
- House Democrats' Bill (H.R. 3962): 14.5% Increase on Premiums
- House Republican Bill (H.R. 4038): 5-8% Decrease on Premiums

CBO's analysis of H.R. 3962 provided an average premium in 2016 under this proposal in dollar amount, \$15,000 for a family. This percentage was calculated by comparing \$15,000 to the CBO baseline of \$13,100 that was detailed in CBO's November 30, 2009 letter to Senator Bayh.

One Reason Premiums Go Up: Democrats Force Americans to Buy More Expensive Plans:

The CBO found that the Senate bill would RAISE premiums by an average \$2,100 per family. The basis for the president's allegation is that the Exchanges included in the Democrats' bill would reduce costs on their own. However, CBO also found that premiums would go up because individuals would be FORCED to buy richer policies. Here's the language from pages 9-10 of the CBO analysis:

Specifically, because of the greater actuarial value and broader scope of benefits that would be covered by new nongroup policies sold under the legislation, the average premium per person for those policies would be an estimated 27 percent to 30 percent higher than the average premium for nongroup policies under current law (with other factors held constant). The increase in actuarial value would push the average premium per person about 18 percent to 21 percent above its level under current law, before the increase in enrollees' use of medical care resulting from lower cost sharing is considered; that induced increase, along with the greater scope of benefits, would account for the remainder of the overall difference.

In other words, the increased mandates in the bill – because Democrats and government bureaucrats believe that some Americans' coverage is “insufficient” – would RAISE premiums. And the changes the President proposed earlier this week – which apply those new benefit mandates to all health policies, including those who have (and like) their current plan – would raise premiums still further.